

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
W. R. GRACE & CO., et al.¹) Case No. 01-01139 (JKF)
) Jointly Administered
Debtors.)

Objection Deadline: September 7, 2004

**DEBTORS' NOTICE OF PROPOSED SALE OF THEIR
DAREX FACILITY IN ATLANTA, GEORGIA
PURSUANT TO THAT CERTAIN ORDER ESTABLISHING
PROCEDURES FOR THE SALE OF DE MINIMIS ASSETS**

PLEASE TAKE NOTICE that the Debtors propose to sell their former Darex Facility in Atlanta, Georgia (the "Sale"). Pursuant to that certain Order Establishing Procedures for the Sale or Abandonment of De Minimis Assets dated August 2, 2001, the Debtors provide the following information in connection with the Sale:

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

1. The property being sold is comprised of a tract of land containing approximately a 73,062 square foot building on approximately 12.54 acres of land known as 5225 Phillip Drive, Atlanta Georgia (the "Darex Facility"). The Darex Facility was operated by the Debtors, since its construction in 1965 until it was closed by the Debtors in late 2001, as a specialty chemical product manufacturer of can sealing compounds and carbon monoxide absorbents. A more thorough legal description of the Darex Facility is attached to the proposed sale agreement (the "Alchem Sale Agreement"), which is Attachment 1 hereto.

2. The Debtors propose to sell the Darex Facility to Alchem Chemical Company ("Alchem") for \$850,000.

3. The Debtors listed the Darex Facility with their real estate broker, Wilson, Hull & Neal, on or about March 1, 2002. Wilson, Hull & Neal actively marketed the property from the time the Debtors listed the Darex Facility with them until the date the Alchem Sale Agreement was executed. To date, Alchem, LIB Properties, and MFI of Georgia, Inc. are the only parties that have expressed an interest in acquiring the property. Of those three expressions of interest, Alchem's offer was the highest and best offer.

4. On or about September 7, 2001, the Debtors had the Darex Facility appraised by Land America. Land America estimated that the market value of the Darex Facility at that time was approximately \$2,000,000, and the Debtors initially expected to be able to sell the Darex Facility for approximately that amount. However, subsequent to that time, the poor economy in the Atlanta area resulted in, among other things, a vacancy rate in the Fulton Industrial Park (in which the Darex Facility is located) of 31.5%, which has now reached 33.1%. At one point while the Darex Facility was listed for sale, every building but one on the street on

which the Darex Facility is located was vacant and either available for sale or lease. An additional obstacle to selling the Darex Facility is that the Darex Facility is a manufacturing facility located in a distribution park, making the location less desirable for a manufacturing facility, and the improvements significantly less valuable for a distribution facility. Further, the prior use of the facility by the Debtors as a chemical manufacturing facility, with the concomitant environmental issues resulting therefrom, no doubt chilled the market for this property.

Since the facility was closed by the Debtors, they continue to pay substantial carrying costs in connection with the property for items such as real estate taxes, insurance, maintenance and security, averaging between \$250,000 and \$265,000 per year. Based on the foregoing, the Debtors believe that the Sale is a sound exercise of the Debtors' business judgment and in the best interest of the Debtors and their estates. In further support of the Sale, the Debtors have attached an Affidavit of W. Brian McGowan, which is attached hereto as

Attachment 2.

PLEASE TAKE FURTHER NOTICE THAT any party wishing to submit an alternative bid for the Darex Facility must serve its bid in writing upon counsel for the Debtors: (a) Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., Attn: David W. Carickhoff, Jr., 919 Market Street, 16th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801), and (b) Kirkland & Ellis LLP, Attn: Samuel L. Blatnick, 200 East Randolph Drive, Chicago, IL 60601, so that it is received on or before **September 7, 2004**. Such alternative bid must be for a higher dollar amount than \$850,000, and must be on terms that are otherwise equivalent or superior to the terms of the Alchem Sale Agreement.

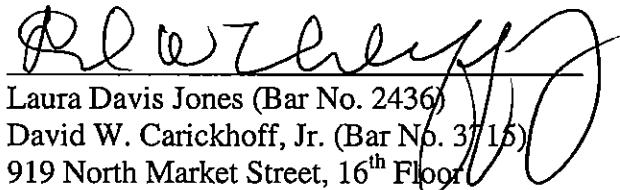
PLEASE TAKE FURTHER NOTICE that objections, if any, to the Sale must be in writing and served upon counsel for the Debtors: (a) Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., Attn: David W. Carickhoff, Jr., 919 Market Street, 16th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801), and (b) Kirkland & Ellis LLP, Attn: Samuel L. Blatnick, 200 East Randolph Drive, Chicago, IL 60601, so that it is received on or before **September 7, 2004**. In the event that the Debtors do not receive any written objections to the Sale on or before August 30, 2004, the Debtors are authorized to proceed with the Sale without further approval of the Court.

Dated: August 25, 2004

KIRKLAND & ELLIS
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and

PACHULSKI, STANG, ZIEHL, YOUNG, JONES & WEINTRAUB P.C.


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